

## INFORMATION REPORT

COUNTRY Germany (Russian Zone)

DATE DISTR. 20 February 1948

SUBJECT New Policy for Reparations and  
Export Orders

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1. During the first week of January all reparations orders for the textile and machine industry in the entire state of Saxony were unexpectedly cancelled and all further orders were suspended. The delivery of promised raw materials was immediately stopped; raw materials already delivered may not be processed, but must be returned to the reparations department of the state government. Similar action was reported from Thuringia.
2. The firms affected by this order, fearing that their plants might become idle, immediately applied for Russian export contracts; however, without success.
3. No official reason was given for the cancellation of reparations orders, but employees of Rasno Export explained that large stocks of goods had accumulated for which no buyers could be found, for example 50,000,000 meters of dry goods.
4. In view of the fact that eighty per cent of all industrial plants worked on reparations orders, the state governments in the eastern zone must find a way to keep these factories going. As a result of a shortage of raw materials, many plants have already been forced to stop operations.
5. The Russian export firms Rasno Export and Exportlen have also cancelled a number of export orders.
6. On 8 and 9 January 1948, leading officials of the reparations departments of the different states in the eastern zone met with officials of the SMA reparations department in Karlshorst. On this occasion, the German officials were given to understand that sales difficulties had been encountered and that the Scandinavian countries and Switzerland, in particular, were very reluctant to buy in spite of favorable prices. The officials were informed about the changes in the reparations policy and were requested to work out new reparations plans along these lines, to be submitted to the SMA by 15 February 1948. Secrecy was to be observed as to plans and discussions; however, it has already leaked out that the total reparations deliveries for 1948 for all states except Mecklenburg will exceed the sum of two billion Reichsmarks.

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NO CHANGE in Class. ☐☐ DECLASSIFIED

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